

11 Am 5/29 D/L

27 May 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of the PPA/PRA Study Working Group with
Directorate Representatives

1. The PPA/PRA Study Working Group met on 21 May 1975 with representatives of the directorates to apprise them of the findings of the group to date and of the proposed course of action. Representing the directorates were:

Mr. []
Mr. []
Mr. []
Mr. []

2. Mr. [] opened the meeting with a description of the work of the Working Group to date, winding up with a statement of what the Working Group proposes as its next action; that is, a recommendation to the Director of Logistics that a simulation of direct funding be undertaken preparatory to a formal recommendation to the DDA and the DCI later in FY 1976 for formal adoption of direct funding as a substitute for PRA. Mr. [] emphasized that before we made this recommendation we wished to be sure that the representatives of the four directorate Planning Staffs had no further unanswered questions about the conversion of PRA to direct funding.

3. In the spirited discussion which followed, a number of questions were raised and answered. [] was asked whether the simulation which she proposed would involve the fan accounts of the directorates. She replied that the only fans which would be changed for the simulation would be those of the Office of Logistics, and that the changes would be designed to make it possible for OL to attribute procurement to the customer office as would be the case under direct procurement. She gave as an example that a fan would be established, for example, to cover the materiel controlled under allocation 21 which primarily supports OC.

4. In response to another question regarding Common Stocks, Ms. [] said that she believed that some subcategories would be needed to make the large number of line items under allocation 00 more manageable. It is possible that subcategories reflecting materiel groups would be the basis for subdivision.

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5. At several points during the discussion the importance of effective forecasting of materiel requirements was emphasized, both by members of the Working Group and by representatives of the directorates.

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6. Mr. [] consultant to the Office of Finance on the General Accounting System (GAS), offered some suggestions involving the possibility that under direct funding procurement for inventory, as well as for immediate use, might be charged as a direct cost (General Ledger Account 4241) with financial property accountability at the depots handled as if the property were "in use" i.e. Type II financial property reporting procedures. He saw certain advantages in a system which made no formal provision for inventory in the Agency's financial accounts although, of course, the stock records maintained by OL would ensure that inventory controls were in fact maintained. This subject was seen as one which required further investigation by the Office of Finance and the Office of Logistics.

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7. Mr. [] representing DDO, made a strong play for early division of the categories of materiel to be controlled under various allocations. He sees the need for an effective educational program so that the widely scattered officers of the Operations Directorate could be properly instructed in the procedures to be followed when the PRA system is supplanted with a direct funding system. He also had several questions about how non-expendables would be handled and these were seen as examples of the need for precise definitions before the property system is revised.

8. At the close of the meeting all of the directorate representatives agreed that the course of action which the Working Group proposed made good sense, that a year of simulation should assess any significant "bugs" in the system, and that the time would provide the necessary opportunity to develop careful definitions and ground rules so that if direct funding is adopted in FY 1977, its chances for success will be enhanced.

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[]
PPA/PRA Study Working Group

cc:

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Ms.
Mr.
Mr.
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